

03-04-09

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF HAWAII

----- In the Matter of -----

PUBLIC UTILITIES COMMISSION

Instituting a Proceeding to Investigate the
Implementation of Feed-in Tariffs

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Docket No. 2008-0273

PUBLIC UTILITIES
COMMISSION

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FILED

HAWAII RENEWABLE ENERGY ALLIANCE INFORMATION REQUESTS

TO

VARIOUS PARTIES

ON THEIR

OPENING STATEMENTS OF POSITION

AND

CERTIFICATE OF SERVICE

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In accordance with schedule for the instant docket as approved by the Commission in its Decision and Order, dated January 20, 2009, the Hawaii Renewable Energy Alliance ("HREA") respectfully offers its Information Requests to the Department of Business, Economic Development and Tourism ("DBEDT"), and the Hawaiian Electric Company, Inc. and the Consumer Advocate ("HECO/CA") on their Opening Statements of Position ("OSOPs").

HREA respectfully submits the following information requests ("IRs") to the Parties as presented below. Page number references are to the specific page (s) in the respective Parties' OSOPs.

DBEDT:

HREA-DBEDT-QSOP-IR-1. Regarding the following statement on page 4:

"More importantly, the current bid process only applies to renewable resources of a capacity of 5 MW (2.72 MW for MECO and HELCO), and there are no clear procurement rules required under the utility's current competitive bidding framework for smaller renewable generators below this threshold size."

- a. HREA's understanding is that projects under the threshold size are "exempt" from the competitive bidding framework. As such, developers are entitled to negotiate power purchase agreements ("PPAs") under our PURPA law. Is DBEDT saying that the PURPA-related procurement rules are not clear, and, if so, why?
- b. However, HREA understands DBEDT's supports FiTs as a better alternative to PURPA for the projects under the threshold size. Besides the reasons stated in DBEDT's OSOP, does DBEDT believe there is also a legal rationale, e.g., under PURPA the utility was not required to sign a PPA, only to enter into negotiations, while the utility would be required to sign a FiT? Please explain.
- c. Given DBEDT's concerns about the efficacy of the competitive bidding process and the increasing sense of urgency to meet HCEI goals, would DBEDT support a recommendation to the Commission for increasing the threshold size from 5 MW to 20 MW for all islands? Please explain.

HREA-DBEDT-QSOP-IR-2. Regarding the following statement on page 7:

"Generally, the 'avoided cost' is considered to be the fuel costs incurred in the operation of a traditional power plant."

- a. Would DBEDT agree that avoided costs should also include other costs, such as operations and maintenance, reduce line losses and reduced capacity requirements;
- b. Does DBEDT envision "avoided costs" as a market referent for FiTs; and
- c. If so, does DBEDT support a process to take a "fresh" look at avoided costs and how the utility calculates them, including capacity payments for as-available resources? If not, why not?

HREA-DBEDT-OSOP-IR-3. Regarding the discussion of net energy metering on pages 7 and 8, HREA would like to note that the first net energy metering law, which was not "true net metering," was passed in 1996. That said:

- a. Would DBEDT agree that net metering, which is a power exchange agreement, is a demand-reduction measure,
- b. As a power exchange agreement, there is no provision in our net metering law for sale of excess electricity delivered to the utility. So, DBEDT's proposal for sale of "excess kilowatt-hours that remain unused" is something else. Does DBEDT:
 - i. Seek to combine the features of net metering with a FIT,
 - ii. If so, how would that be done, as HREA believes the utility would have to determine the amount of net metered electricity and the net amount delivered to the utility, and
 - iii. Are smart meters smart enough to collect the necessary data, e.g., customer-generator total output, total site load, and total electricity supplied to the customer by the utility?

HREA-DBEDT-OSOP-IR-4. Regarding the discussion of project sizes and CAPs on total FIT project capacity per island:

- a. Does DBEDT believe on output of the Clean Energy Scenario Planning activity would be an assessment of the initial level of penetration that could be absorbed by FITs on each island, and what modifications and enhancements are required to allow higher levels of FITs, i.e., a plan; and
- b. While the plan is being developed along with the implementation of FITs, does DBEDT see any reason to CAP the FITs? If so, why?

HREA-DBEDT-OSOP-IR-5. Regarding the "treatment of renewable energy credits" on page 14, does DBEDT support providing the initial right to the renewable energy credits be granted to the developer of the project? If not, why not?

HECO/CA:

HREA-HECO/CA-OSOP-IR-1. Regarding the statement on page 4 that FiTs should involve an offer of a "fixed price contract," would the HECO and the CA consider a "levelized price contract" with an appropriate escalation metric as an alternative? Why should the developer have to assume the risk of a fixed price contract? Specifically, HREA is concerned that a fixed price contract will cause uncertainty to the developer in terms of the risk associated with predicting future inflation, and thus arriving at an appropriate fixed price for a 20 year term.

HREA-HECO/CA-OSOP-IR-2. Regarding the discussion of design considerations on page 5, HREA would agree there are risks associated with permitting projects and that those risks do generally increase with the type and size of the project, the classification and ownership of the land on which the project would be situated, interconnection requirements, project financing and a host of related factors. Why not let the developers assume these risks, rather than arbitrarily determining the acceptable level of risk from the HECO/CA perspective, such as we perceive has been done in the HECO/CA FiT proposal? Specifically, if the goal is to facilitate a "sea change" in our use of renewable energy, why are you effectively 'tying some boats to the dock,' such that they cannot be sailed or rowed to our renewable future?

A handwritten signature in black ink, appearing to read "Dan S. Boland", with a horizontal line drawn underneath the signature.

President, HREA

CERTIFICATE OF SERVICE

The foregoing HREA Response was served on the date of filing by Hand Delivery or electronically transmitted to each such Party as follows.

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DATED: Honolulu, Hawaii, March 4, 2009